

Senate File 2275 - Introduced

SENATE FILE 2275
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 3164)

A BILL FOR

1 An Act authorizing licensees authorized to conduct gambling
2 games on an excursion boat, gambling structure, or racetrack
3 enclosure to operate internet wagering on poker and making
4 penalties applicable.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99F.1, subsection 1, Code 2011, is
2 amended to read as follows:

3 1. "*Adjusted gross receipts*" means the gross receipts less
4 winnings paid to wagerers. For internet wagering, "adjusted
5 gross receipts" means the gross receipts for internet wagering
6 on poker from rake and tournament fees less winnings and player
7 incentives paid to wagerers.

8 Sec. 2. Section 99F.1, Code 2011, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. 16A. "*Internet wagering*" means a method of
11 wagering by which a person may establish an account, deposit
12 money into the account, and use the account balance for
13 wagering by utilizing electronic communication.

14 NEW SUBSECTION. 16B. "*Internet wagering operator*" means
15 a person who has entered into an operating agreement with a
16 licensee or licensees to conduct internet wagering for an
17 internet wagering licensee as authorized by this chapter.

18 NEW SUBSECTION. 19A. "*Player incentives*" means, for
19 internet wagering, any bonuses, rewards, prizes, or other types
20 of promotional items provided to a person engaging in internet
21 wagering by an internet wagering licensee as an incentive to
22 engage in internet wagering.

23 NEW SUBSECTION. 22. "*Rake*" means a set fee or percentage of
24 the pot assessed by an internet wagering licensee for providing
25 the internet wagering services to a person engaging in internet
26 wagering for the right to participate in internet wagering.

27 NEW SUBSECTION. 23. "*Tournament fee*" means a set fee
28 assessed to a person engaging in internet wagering by the
29 internet wagering licensee for providing internet wagering
30 tournament services.

31 Sec. 3. Section 99F.3, Code 2011, is amended to read as
32 follows:

33 **99F.3 Gambling games authorized.**

34 The system of wagering on a gambling game as provided
35 by this chapter is legal, when conducted on an excursion

1 gambling boat, gambling structure, or racetrack enclosure at
2 authorized locations by a licensee, or, for internet wagering,
3 when conducted by an internet wagering licensee pursuant to
4 requirements established by the commission, as provided in this
5 chapter.

6 Sec. 4. Section 99F.4, subsections 14 and 22, Code 2011, are
7 amended to read as follows:

8 14. To require, except for internet wagering, all licensees
9 of gambling game operations to utilize a cashless wagering
10 system whereby all players' money is converted to tokens,
11 electronic cards, or chips which only can be used for wagering
12 on the excursion gambling boat.

13 22. To require licensees to establish a process to allow a
14 person to be voluntarily excluded for life from an excursion
15 gambling boat and all other licensed facilities under this
16 chapter and chapter 99D, or from engaging in internet wagering
17 conducted by an internet wagering licensee under this chapter.
18 For internet wagering licensees, the process shall allow
19 players to limit the maximum amount of money that may be
20 transferred by that player into an internet wagering account
21 in a twenty-four-hour period. The process established shall
22 require that a licensee disseminate information regarding
23 persons voluntarily excluded to all licensees under this
24 chapter and chapter 99D. The state and any licensee under
25 this chapter or chapter 99D shall not be liable to any person
26 for any claim which may arise from this process. In addition
27 to any other penalty provided by law, any money or thing of
28 value that has been obtained by, or is owed to, a voluntarily
29 excluded person by a licensee as a result of wagers made by the
30 person after the person has been voluntarily excluded shall not
31 be paid to the person but shall be credited to the general fund
32 of the state.

33 Sec. 5. Section 99F.4, Code 2011, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 27. To establish requirements for internet

1 wagering licensees and internet wagering operators to conduct
2 internet wagering on poker as provided in this chapter. At
3 a minimum, the requirements shall include security measures
4 to insure the integrity of internet wagering and technical
5 standards governing the technology used to conduct internet
6 wagering. In addition, the requirements shall, subject to
7 reasonable conditions established by the commission, allow
8 persons who have registered with an internet wagering licensee
9 to engage in internet wagering with other persons, regardless
10 of location, to the extent permissible by law.

11 Sec. 6. NEW SECTION. 99F.4E Internet wagering on poker —
12 licensing — requirements.

13 1. Upon payment of the applicable internet wagering
14 license fee as determined by the commission and application
15 by a licensee authorized to conduct gambling games under this
16 chapter, the commission shall issue an internet wagering
17 license to the licensee, following a review of the applicant
18 and internet wagering operator in the manner provided in
19 section 99F.6, subject to the provisions of this chapter and
20 rules adopted pursuant to this chapter relating to gambling and
21 internet wagering. A single joint license to conduct internet
22 wagering may be issued to more than one licensee authorized to
23 conduct gambling games under this chapter if the application
24 includes an agreement delineating how each licensee subject to
25 the agreement shall distribute at least three percent of the
26 adjusted gross receipts from internet wagering on poker from
27 the joint license for each license year for educational, civic,
28 public, charitable, patriotic, or religious uses as defined
29 in section 99B.7, subsection 3, paragraph "b", as otherwise
30 required by this chapter. The issuance of a joint license to
31 conduct internet wagering by more than one licensee under this
32 chapter shall not be considered the issuance of a new license
33 under this chapter.

34 2. An internet wagering licensee shall comply with the
35 following requirements:

1 *a.* Internet wagering shall be limited to wagering on poker
2 and all of its variations, including but not limited to Texas
3 hold 'em, Omaha hold 'em, draw poker, and stud poker.

4 *b.* Internet wagering shall be conducted by the licensee
5 through a single internet site.

6 *c.* Internet wagering shall be limited to only those persons
7 who have registered with the licensee to engage in internet
8 wagering. To register, a person shall provide sufficient
9 information to the licensee to verify that the person is at
10 least twenty-one years of age and is otherwise authorized to
11 engage in internet wagering in this state.

12 *d.* (1) If an internet wagering license is issued to one
13 licensee authorized to conduct gambling games under this
14 chapter, adjusted gross receipts received by the gambling games
15 licensee under this chapter from internet wagering each fiscal
16 year shall be added to the adjusted gross receipts received
17 by the licensee from gambling games other than from internet
18 wagering for purposes of imposing a tax on the adjusted gross
19 receipts received by the licensee as provided in section
20 99F.11.

21 (2) If a joint internet wagering license is issued to more
22 than one licensee authorized to conduct gambling games under
23 this chapter, the tax rate imposed on adjusted gross receipts
24 from internet wagering on poker each fiscal year pursuant to
25 section 99F.11 shall be twenty-two percent or, if a majority
26 of participating licensees on the joint license are otherwise
27 subject to a tax rate of twenty-four percent on adjusted gross
28 receipts from gambling games over three million dollars under
29 section 99F.11, twenty-four percent.

30 *e.* Any other requirements as the commission establishes
31 to ensure the legality and integrity of conducting internet
32 wagering in this state.

33 Sec. 7. Section 99F.6, subsection 1, unnumbered paragraph
34 1, Code Supplement 2011, is amended to read as follows:

35 A person shall not be issued a license to conduct gambling

1 games on an excursion gambling boat or a license to operate
2 an excursion gambling boat under this chapter, an internet
3 wagering license, an occupational license, a distributor
4 license, or a manufacturer license unless the person has
5 completed and signed an application on the form prescribed and
6 published by the commission. The application shall include
7 the full name, residence, date of birth and other personal
8 identifying information of the applicant, and internet wagering
9 operator if applicable, that the commission deems necessary.
10 The application shall also indicate whether the applicant,
11 or internet wagering operator if applicable, has any of the
12 following:

13 Sec. 8. Section 99F.7, subsection 1, Code Supplement 2011,
14 is amended to read as follows:

15 1. If the commission is satisfied that this chapter and
16 its rules adopted under this chapter applicable to licensees
17 have been or will be complied with, the commission shall issue
18 a license for a period of not more than three years to an
19 applicant to own a gambling game operation, to an applicant to
20 operate a gambling structure, ~~and~~ to an applicant to operate
21 an excursion gambling boat, and to a gambling games licensee
22 who submits an application to conduct internet wagering. The
23 commission shall decide which of the gambling games authorized
24 under this chapter the commission will permit. The commission
25 shall decide the number, location, and type of gambling
26 structures and excursion gambling boats licensed under this
27 chapter. The commission shall allow the operation of an
28 excursion boat or moored barge on or within one thousand feet
29 of the high water marks of the rivers, lakes, and reservoirs
30 of this state as established by the commission in consultation
31 with the United States army corps of engineers, the department
32 of natural resources, or other appropriate regulatory agency.
33 The license shall set forth, as applicable, the name of the
34 licensee, the type of license granted, the location of the
35 gambling structure or the place where the excursion gambling

1 boats will operate and dock, and the time and number of days
2 during the excursion season and the off season when gambling
3 may be conducted by the licensee.

4 Sec. 9. Section 99F.9, subsections 3 and 5, Code 2011, are
5 amended to read as follows:

6 3. The licensee may receive wagers only from a person
7 present on a licensed excursion gambling boat, licensed
8 gambling structure, or in a licensed racetrack enclosure, or
9 from a person engaging in internet wagering. An internet wager
10 may be placed from any location within this state or from
11 any other location where authorized by law, subject to any
12 requirements adopted by the commission.

13 5. A person under the age of twenty-one years shall not
14 engage in internet wagering or make or attempt to make a wager
15 on an excursion gambling boat, gambling structure, or in a
16 racetrack enclosure and shall not be allowed on the gaming
17 floor of an excursion gambling boat or gambling structure or
18 in the wagering area, as defined in section 99D.2, or on the
19 gaming floor of a racetrack enclosure. However, a person
20 eighteen years of age or older may be employed to work on
21 the gaming floor of an excursion gambling boat or gambling
22 structure or in the wagering area or on the gaming floor of a
23 racetrack enclosure. A person who violates this subsection
24 with respect to engaging in internet wagering or making or
25 attempting to make a wager commits a scheduled violation under
26 section 805.8C, subsection 5, paragraph "a".

27 Sec. 10. Section 99F.12, subsection 2, Code 2011, is amended
28 to read as follows:

29 2. The licensee shall furnish to the commission reports
30 and information as the commission may require with respect to
31 the licensee's activities. The gross receipts and adjusted
32 gross receipts from gambling shall be separately handled and
33 accounted for from all other moneys received from operation of
34 an excursion gambling boat or from operation of a racetrack
35 enclosure or gambling structure licensed to conduct gambling

1 games. For an internet wagering licensee, the gross receipts
2 and adjusted gross receipts from internet wagering shall be
3 separately handled and accounted for from all other moneys
4 received from other licensed activities of the licensee. The
5 commission may designate a representative to board a licensed
6 excursion gambling boat or to enter a racetrack enclosure or
7 gambling structure licensed to conduct gambling games. The
8 representative shall have full access to all places within the
9 enclosure of the boat, the gambling structure, or the racetrack
10 enclosure and shall directly supervise the handling and
11 accounting of all gross receipts and adjusted gross receipts
12 from gambling. The representative shall supervise and check
13 the admissions. The compensation of a representative shall be
14 fixed by the commission but shall be paid by the licensee.

15 Sec. 11. Section 99F.12, Code 2011, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 2A. a. An internet wagering licensee
18 shall, in addition to the books and records otherwise required
19 by this section, make the following information available to
20 the commission upon request:

21 (1) Monthly auditable and aggregate financial statements of
22 internet wagering transactions.

23 (2) Calculation of all fees payable to government.

24 (3) The identity of registered players.

25 (4) The balance on a registered player's account at the
26 start of a session of play.

27 (5) The wagers placed on each game time stamped by the games
28 server.

29 (6) The result of each game time stamped by the games
30 server.

31 (7) The amount won or lost by a registered player.

32 (8) The balance on a registered player's account at the end
33 of the game.

34 b. Information described in paragraph "a", subparagraphs (3)
35 through (8), shall be confidential.

1 that allows a person to be voluntarily excluded from a gambling
2 facility shall also apply to internet wagering.

3 New Code section 99F.4E establishes the process for
4 licensing and conducting internet wagering. The bill
5 authorizes current gambling games licensees, upon payment of
6 a fee as determined by the racing and gaming commission, to
7 apply for an internet wagering license and allows more than one
8 existing licensee to jointly apply for an internet wagering
9 license. The bill provides that if more than one licensee
10 applies for a joint license, the licensees shall indicate
11 how the licensees shall distribute at least 3 percent of the
12 adjusted gross receipts from internet wagering on charitable
13 purposes. The bill provides that internet wagering shall be
14 limited to poker, shall be conducted through a single internet
15 site, and shall be limited to persons who have registered with
16 the licensee to conduct internet wagering. The bill provides
17 that if a single gambling games licensee is issued an internet
18 wagering license, the adjusted gross receipts from internet
19 wagering shall be included as part of the licensee's adjusted
20 gross receipts for purposes of applying the wagering tax
21 pursuant to Code section 99F.11. The bill further provides
22 that if a joint internet wagering license is issued to more
23 than one gambling games licensee, the wagering tax imposed on
24 adjusted gross receipts from internet wagering pursuant to
25 Code section 99F.11 shall be 22 percent or, if the majority of
26 participating licensees are otherwise subject to a wagering tax
27 of 24 percent under Code section 99F.11, 24 percent.

28 Code section 99F.6, concerning requirements for applications
29 for a license under Code chapter 99F, is amended to provide
30 that the requirements also apply to internet wagering operators
31 and applicants for an internet wagering license.

32 Code section 99F.9, concerning wagering, is amended to
33 provide that wagers through internet wagering are authorized
34 and can be made from any location within this state or as
35 authorized by law subject to any requirements adopted by the

1 commission. The Code section is also amended to provide
2 that limits on wagering for persons under the age of 21 at
3 an excursion gambling boat, gambling structure, or racetrack
4 enclosure also apply to internet wagering.

5 Code section 99F.12, concerning licensee reporting
6 requirements, is amended to provide that an internet wagering
7 licensee shall separately account for the gross receipts and
8 adjusted gross receipts from internet wagering. The bill
9 also provides that an internet wagering licensee shall make
10 available to the racing and gaming commission information
11 concerning the identity and account balances of persons
12 engaging in internet wagering with the licensee as well as
13 information relative to individual poker games. The bill
14 provides that this information is confidential.

15 Code section 99F.15, concerning prohibited activities and
16 penalties, is amended to provide that a person who commits a
17 class "D" felony relative to certain activities relating to
18 gambling shall also be barred for life from internet wagering
19 in the same manner as the person would be barred from excursion
20 gambling boats and gambling structures.